

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **March 14, 2006**

AGENDA ITEM NO.: 7

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: Issuance of \$24,205,000 New General Obligation Public Improvement Bonds and \$16,500,000 New General Obligation Public Improvement Bond Anticipation Notes for FY 2006 and FY 2007 Capital Projects

RECOMMENDATION:

1. Conduct a public hearing to authorize the issuance of \$24,205,000 principal amount General Obligation Public Improvement Bonds of the City and \$16,500,000 General Obligation Public Improvement Bond Anticipation Notes of the City in accordance with the Virginia Public Finance Act.
2. Adopt a resolution authorizing the issuance of General Obligation Public Improvement Bonds not to exceed \$40,705,000 in principal (and not to exceed a like principal amount of General Obligation Public Improvement Bond Anticipation Notes of the City in anticipation of the issuance thereof) to finance the costs of various public improvement projects in the amounts set forth below.
3. Adopt a resolution amending the FY 2006 General, Water, Sewer, and Fleet Funds' Operating Budgets to provide appropriations of \$207,565 for the costs associated with the issuance of \$24,205,000 General Obligation Public Improvement Bonds and \$16,500,000 Bond Anticipation Notes of the City. The issuance costs are funded from bond proceeds.

SUMMARY:

Based on projected cash needs combined with currently available funds and FY 2006 and FY 2007 pay-as-you-go funding, there follows a summary of the proposed \$24,205,000 new FY 2006 Bond and \$16,500,000 Bond Anticipation Notes issues:

Project Category Title	FY 2006 & FY 2007 Expenditures Estimate
Public Schools	\$6,000,000
Public Buildings	4,480,000
Fire and Rescue Equipment	1,985,000
Parks and Recreation	1,720,000
Water Improvement Projects	10,000,000
Sewer Improvement Projects	6,500,000
Economic Development	1,905,000
Transportation	7,475,000
Airport Improvement Projects	640,000
Total	\$40,705,000

There follows a summary of the proposed cost of issuance:

Cost Component	FY 2006 Estimate
Bond Counsel	\$65,065
Bond Ratings	33,450
Financial Advisor	81,600
Official Statement Preparation & Printing	6,000
Advertising	1,000
Rating Agencies Presentation Trip	9,500
Miscellaneous Copying, Postage, & Overnight Mailings, etc.	10,950
Total	\$207,565

PRIOR ACTION(S): March 7, 2006 Finance Committee Meeting

FISCAL IMPACT: Issuance costs are funded by bond proceeds. Long-term debt issuance.

CONTACT(S): Donna Witt 455-3968

ATTACHMENT(S): Resolution
City Capital and School Projects Funded with
FY 2006 Bond Proceeds

REVIEWED BY: lkp

Resolution

BE IT RESOLVED THAT the FY 2006 General, Water, Sewer, and Fleet Funds' operating budgets are amended for funding of \$127,065, \$43,750, \$28,000 and \$8,750 respectively, for expenses associated with the issuance of the FY 2006 General Obligation Public Improvement Bonds and Bond Anticipation Notes. These costs are financed through the FY 2006 bond sale.

Introduced:

Adopted:

Certified:

Clerk of Council

027L1

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED FORTY MILLION SEVEN HUNDRED FIVE THOUSAND DOLLARS (\$40,705,000) PRINCIPAL AMOUNT OF GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS OF THE CITY OF LYNCHBURG, VIRGINIA, FOR THE PURPOSE OF PROVIDING FUNDS TO PAY THE COSTS OF THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION, IMPROVEMENT, EXTENSION, ENLARGEMENT AND EQUIPPING OF VARIOUS PUBLIC IMPROVEMENT PROJECTS OF AND FOR SUCH CITY; FIXING THE FORM, DENOMINATION AND CERTAIN OTHER FEATURES OF SUCH BONDS; AUTHORIZING AND PROVIDING WITH RESPECT TO THE ISSUANCE AND SALE OF A LIKE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE AND SALE OF SUCH BONDS; AND PROVIDING FOR THE SALE OF SUCH BONDS AND SUCH NOTES AND DELEGATING TO THE CITY MANAGER THE AUTHORITY TO AWARD SUCH BONDS AND SUCH NOTES TO THE SUCCESSFUL BIDDER OR BIDDERS THEREFOR AND TO DETERMINE THE INTEREST RATES, REDEMPTION PROVISIONS AND OTHER DETAILS OF SUCH BONDS AND SUCH NOTES

WHEREAS, in the judgment of the Council of the City of Lynchburg, Virginia (the "City"), it is necessary and expedient to authorize the issuance and sale of General Obligation Public Improvement Bonds of the City in the principal amount of not to exceed Forty Million Seven Hundred Five Thousand Dollars (\$40,705,000) for the purpose of providing funds to pay the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of various public improvement projects of and for the City, and to authorize the issuance and sale of a like principal amount of general obligation public improvement bond anticipation notes in anticipation thereof;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG, VIRGINIA:

1. (a) Pursuant to Chapter 26 of Title 15.2 of the Code of Virginia, 1950 (the same being the Public Finance Act of 1991), for the purpose of providing funds to pay the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of various public improvement projects of and for the City set forth in Paragraph 7, there are authorized to be issued not to exceed Forty Million Seven Hundred Five Thousand Dollars (\$40,705,000) principal amount of general obligation bonds of the City to be designated "City of Lynchburg, Virginia, General Obligation Public Improvement Bonds" (the "Bonds"). The Bonds shall be issued and sold in their entirety at one time, or from time to time in part in series, as shall be determined by the Director of Financial Services of the City. The Bonds may be sold at the same time as other general obligation bonds are sold by the City. All such Bonds shall be issued in fully registered form and shall be in the denomination of \$5,000 or any integral multiple thereof. The Bonds of a given series shall be numbered from R-1 upwards in order of issuance; shall mature annually, commencing in such year and on such date in each year and in such amount in each year as shall be determined by the Director of Financial Services; and shall bear interest at such rate or rates per annum as shall be determined in accordance with the

provisions of Paragraph 8, such interest being payable on the day which is not more than one (1) year from the date of the Bonds of such series and semiannually thereafter and, unless otherwise provided in the proceedings authorizing the issuance of the Bonds of any such series, such interest shall be computed on the basis of a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months. The Director of Financial Services is authorized to determine, in accordance with and subject to the provisions of this Resolution: the date or dates of the Bonds; the interest payment dates thereof; the maturity dates thereof; *provided* that the final maturity of the Bonds shall be not later than forty (40) years from the date the first Bonds or notes issued in anticipation thereof are issued under this Resolution; the amount of principal maturing on each maturity date; the place or places of payment thereof and the paying agent or paying agents therefor; the place or places of registration, exchange or transfer thereof and the registrar therefor; and whether or not the Bonds shall be subject to redemption prior to their stated maturity or maturities and if subject to such redemption, the premiums, if any, payable upon such redemption and the respective periods in which such premiums are payable.

(b) In the event the Bonds of any series shall be dated as of a date other than the first day of a calendar month or the dates on which interest is payable on such series are other than the first days of calendar months, the provisions of Paragraph 2 with regard to the authentication of the Bonds and of Paragraph 9 with regard to the form of the Bonds shall be modified as the Director of Financial Services shall determine to be necessary or appropriate.

(c) If the Bonds are subject to redemption and if any Bonds (or portions thereof in installments of \$5,000 or any integral multiple thereof) are to be redeemed, notice of such redemption specifying the date, numbers and maturity or maturities of the Bond or Bonds to be redeemed, the date and place or places fixed for their redemption, the premium, if any, payable upon such redemption, and if less than the entire principal amount of a Bond called for redemption is to be redeemed, that such Bond must be surrendered in exchange for payment of the principal amount thereof to be redeemed and the issuance of a new Bond or Bonds equalling in principal amount that portion of the principal amount of the Bond to be surrendered not to be redeemed, shall be mailed not less than thirty (30) days prior to the date fixed for redemption, by first class mail, postage prepaid, to the registered owner of such Bond at his address as it appears on the books of registry kept by the registrar for the Bonds (the "Registrar") as of the close of business on the forty-fifth (45th) day next preceding the date fixed for redemption. If any Bonds shall have been called for redemption and notice thereof shall have been given as hereinabove set forth, and payment of the principal amount of such Bonds (or the principal amount thereof to be redeemed) and of the accrued interest and premium, if any, payable upon such redemption shall have been duly made or provided for, interest on such Bonds shall cease to accrue from and after the date so specified for their redemption.

(d) The Bonds shall be issued, upon initial issuance, in fully registered form and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, and immobilized in the custody of DTC. One fully registered Bond in the principal amount of each maturity shall be registered to Cede & Co. Beneficial owners of Bonds shall not receive physical delivery of Bonds. Individual purchases of Bonds may be made in book-entry form only in principal amounts of \$5,000 and integral multiples thereof. Principal, premium, if any, and interest payments on the

Bonds shall be made to DTC or its nominee as registered owner of such Bonds on the applicable payment date.

2. (a) The Bonds shall be executed, for and on behalf of the City, by the manual or facsimile signature of the Mayor or Vice Mayor of the City and shall have an impression of the corporate seal of the City or a facsimile thereof embossed or imprinted thereon, attested by the manual or facsimile signature of the Clerk of Council of the City.

(b) The Director of Financial Services shall direct the Registrar for the Bonds of a given series to authenticate such Bonds and no such Bond shall be valid or obligatory for any purpose unless and until the certificate of authentication endorsed on each Bond shall have been manually executed by an authorized signator of the Registrar. Upon the authentication of any Bonds, the Registrar shall insert in the certificate of authentication the date as of which such Bonds are authenticated as follows: (i) if the Bond is authenticated prior to the first interest payment date, the certificate shall be dated as of the date of the initial issuance and delivery of the Bonds of the issue of which such Bond is one, (ii) if the Bond is authenticated upon an interest payment date, the certificate shall be dated as of such interest payment date, (iii) if the Bond is authenticated after the fifteenth (15th) day of the calendar month next preceding an interest payment date and prior to such following interest payment date, the certificate shall be dated as of such following interest payment date and (iv) in all other instances the certificate shall be dated as of the actual date upon which the Bond is authenticated by the Registrar.

(c) The execution of the Bonds in the manner above set forth is adopted as a due and sufficient authentication of the Bonds.

3. (a) The principal of and premium, if any, and interest on the Bonds shall be payable in such coin or currency of the United States of America as at the respective dates of payment thereof is legal tender for public and private debts.

(b) Interest on the Bonds shall be payable by check mailed by the Registrar to the registered owners of such Bonds at their respective addresses as such addresses appear on the books of registry kept pursuant to the provisions of this Paragraph 3. Principal of and premium, if any, on the Bonds shall be payable on presentation and surrender thereof at the office of the Registrar.

(c) At all times during which any Bond of any series remains outstanding and unpaid, the Registrar for such series shall keep or cause to be kept at its office books of registry for the registration, exchange and transfer of Bonds of such series. Upon presentation at its office for such purpose the Registrar, under such reasonable regulations as it may prescribe, shall register, exchange or transfer, or cause to be registered, exchanged or transferred, on the books of registry the Bonds as hereinbefore set forth.

(d) The books of registry shall at all times be open for inspection by the City or any duly authorized officer thereof.

(e) Any Bond may be exchanged at the office of the Registrar for such series of Bonds for a like aggregate principal amount of such Bonds in other authorized principal sums of the same series, interest rate and maturity.

(f) Any Bond of any series may, in accordance with its terms, be transferred upon the books of registry by the person in whose name it is registered, in person or by his duly authorized agent, upon surrender of such Bond to the Registrar for such series of cancellation, accompanied by a written instrument of transfer duly executed by the registered owner in person or his duly authorized agent, in form satisfactory to the Registrar.

(g) All transfers or exchanges pursuant to this Paragraph 3 shall be made without expense to the registered owners of such Bonds, except as otherwise herein provided, and except that the Registrar for such series of Bonds shall require the payment by the registered owner of a Bond requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange. All Bonds surrendered pursuant to this Paragraph 3 shall be cancelled.

4. The full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and premium, if any, and interest on the Bonds as the same become due. In each year while the Bonds, or any of them, are outstanding and unpaid, the Council of the City shall be authorized and required to levy and collect annually, at the same time and in the same manner as other taxes in the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

5. CUSIP identification numbers may be printed on the Bonds, but no such number shall constitute a part of the contract evidenced by the particular Bond upon which it is printed and no liability shall attach to the City or any officer or agent thereof (including any paying agent for the Bonds) by reason of such numbers or any use made thereof (including any use thereof made by the City, any such officer or any such agent) or by reason of any inaccuracy, error or omission with respect thereto or in such use. All expenses in relation to the printing of such numbers on the Bonds shall be paid by the City; *provided* that the CUSIP Service Bureau charge for the assignment of such numbers shall be paid by the initial purchasers of the Bonds.

6. The City covenants and agrees that it shall comply with the provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, and the applicable Treasury Regulations promulgated under such Sections 103 and 141-150 so long as any Bond is outstanding.

7. The proceeds of the sale of the Bonds shall be applied to the payment of the cost of the following public improvement projects of and for the City in substantially the following respective amounts:

<u>Purpose</u>	<u>Amount</u>
Public Schools	\$ 6,000,000
Public Buildings	4,480,000
Fire and Rescue Equipment	1,985,000
Parks and Recreation	1,720,000
Water Improvement Projects	10,000,000
Sewer Improvement Projects	6,500,000
Economic Development	1,905,000
Transportation	7,475,000
Airport Improvement Projects	<u>640,000</u>
	\$40,705,000

If any project set forth above shall require less than the entire respective amount so set forth, the difference may be applied to any of the other projects so set forth.

8. (a) The Bonds shall be sold in one or more series in accordance with the provisions of Paragraph 1 at competitive sale at such price plus accrued interest and on such other terms and conditions as are provided in the Detailed Notice of Sale thereof. The Director of Financial Services of the City is authorized to cause to be published and distributed a detailed notice of sale of each series of the Bonds (the "Detailed Notice of Sale"), or, in lieu of publishing the full text of the Detailed Notice of Sale, to publish a summary thereof, such publication to be made in *The Bond Buyer*, a financial newspaper published in the City of New York, New York, and the Director of Financial Services is further authorized to cause to be prepared and distributed a Preliminary Official Statement relating to each series of the Bonds.

(b) Pursuant to the authority of and for the purposes specified herein, there is hereby delegated to the City Manager the authority, without further action by this Council, to sell the Bonds of each series at competitive sale and to award the Bonds to the successful bidder therefor at a price not less than ninety-eight percent (98%) of the principal amount of the Bonds, plus accrued interest from the date of the Bonds to the date of delivery thereof and payment therefor; *provided* (i) that the true interest cost to the City shall not be in excess of six percent (6%) and (ii) the redemption premium payable upon the redemption of the Bonds of such series shall not exceed two percent (2%) of the principal amount thereof. The City Manager is hereby further authorized to determine, or to modify the provisions of this Resolution with respect to, the dated date of the Bonds, the interest payment dates for the Bonds, the dates on which and years in which the Bonds shall mature, the principal amount of the Bonds maturing on each such maturity date and the redemption provisions applicable to the Bonds and to fix the rates of interest to be borne by the Bonds.

(c) The Director of Financial Services and other appropriate officials and employees of the City are hereby authorized and directed to prepare, or to cause to be prepared, a final Official Statement relating to the Bonds, such final Official Statement to be in substantially the form of the Preliminary Official Statement with the completion therein of the information with respect to the interest rates to be borne by the Bonds, the principal amount of the Bonds maturing in each year and other definitive details of the Bonds determined by the City Manager upon the sale of the Bonds.

(d) The Mayor or Vice Mayor is hereby authorized to execute and deliver to the representative of the purchasers of the Bonds the final Official Statement relating to the Bonds in accordance with the provisions of the Detailed Notice of Sale relating to the Bonds.

(e) The Preliminary Official Statement shall be “deemed final” as of its date for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (“Rule 15c2-12”) except for the omission of information permitted to be omitted by Rule 15c2-12. The Director of Financial Services is hereby authorized to execute and deliver to the representative of the purchasers of the Bonds a certificate dated the date of the Preliminary Official Statement stating that the Preliminary Official Statement is deemed final by the City for purposes of Rule 15c2-12 as of its date.

9. The Bonds, the certificate of authentication of the Registrar and the assignment endorsed on the Bonds, shall be in substantially the following forms set forth in Exhibit A with such changes in format as may be appropriate to conform with customs and practices applicable to comparable securities.

10. (a) Pursuant to the Public Finance Act of 1991, there are authorized to be issued and sold general obligation bond anticipation notes of the City in anticipation of the issuance of the Bonds authorized for issuance herein, such notes to be designated “City of Lynchburg, Virginia, General Obligation Public Improvement Bond Anticipation Notes (the “Notes”). The Notes shall mature and be payable within five (5) years from their date and shall be sold at competitive or negotiated sale at such price plus accrued interest and on such other terms and conditions as are determined by the Director of Financial Services. If the Notes are offered for competitive sale, a Detailed Notice of Sale shall be prepared, published and distributed in accordance with the requirements set forth in Paragraph 8. There shall also be prepared and distributed a Preliminary Official Statement and a final Official Statement relating the Notes in such form as shall be approved by the Director of Financial Services. The Notes may be sold in one or more series contemporaneously with the sale of one or more series of the Bonds. In the event the Notes are sold contemporaneously with one or more series of the Bonds, there may be prepared and distributed a single Preliminary Official Statement and a single final Official Statement relating both to the Bonds and the Notes. The issuance and details of the Notes shall be governed by the provisions of Section 15.2-2628 of the Code of Virginia, 1950. The provisions of Paragraphs 4 and 6 shall apply to the Notes to the same extent the same apply to the Bonds except, in the case of the provisions of Paragraph 4, only to the extent such notes are not paid from the proceeds of the Bonds or from any other available funds. Bonds in anticipation of which the Notes are issued pursuant to this Paragraph 10 may be issued and sold in accordance with the provisions of this Resolution at any time within five (5) years of the date of issuance of the first Notes issued in anticipation of the Bonds.

(b) Pursuant to the authority of and for the purposes specified herein, there is hereby delegated to the City Manager the authority, without further action by this Council, to sell the Notes of each series at competitive sale and to award the Notes to the successful bidder therefor at a price not less than ninety-eight percent (98%) of the principal amount of the Notes, plus accrued interest from the date of the Notes to the date of delivery thereof and payment therefor; *provided* (i) that the true interest cost to the City shall not be in excess of six percent (6%) and (ii) the redemption premium payable upon the redemption of the Notes of such series

shall not exceed two percent (2%) of the principal amount thereof. The City Manager is hereby further authorized to determine, or to modify the provisions of this Resolution with respect to, the dated date of the Notes, the interest payment dates for the Notes, the dates on which and years in which the Notes shall mature, the principal amount of the Notes maturing on each such maturity date and the redemption provisions applicable to the Notes and to fix the rates of interest to be borne by the Notes.

(c) The Notes, the certificate of authentication of the registrar, and the assignment endorsed on the Notes, shall be in substantially the following forms set forth in Exhibit B with such changes in format as may be appropriate to conform with customs and practices applicable to comparable securities.

11. All actions and proceedings heretofore taken by this Council, the City Manager, the Deputy City Manager, the Director of Financial Services and the other officers, employees, agents and attorneys of the City in connection with the authorization, issuance and sale of the Bonds are hereby ratified, confirmed and approved. Any action required or permitted to be taken by the Director of Financial Services hereunder may be taken by the Interim Director of Financial Services.

12. The City Attorney of the City is directed to file a copy of this Resolution, certified by the Clerk of Council of the City to be a true and correct copy hereof, with the Circuit Court of the City in accordance with Section 15.2-2607 of the Code of Virginia, 1950.

13. All ordinances, resolutions and other proceedings in conflict herewith are, to the extent of such conflict, repealed.

14. This Resolution shall take effect upon its adoption.

Adopted:

Certified:

Clerk of Council

027L

EXHIBIT A

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
CITY OF LYNCHBURG
GENERAL OBLIGATION PUBLIC IMPROVEMENT BOND,
SERIES _____

REGISTERED

REGISTERED

NO. R-_____

\$_____

INTEREST
RATE: _____

MATURITY
DATE: _____

DATE OF BOND: _____

CUSIP NO.: _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM:

DOLLARS

The City of Lynchburg, a municipal corporation of the Commonwealth of Virginia (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner (named above), or registered assigns, on the Maturity Date (specified above) unless this Bond shall have been duly called for previous redemption and payment of the redemption price duly made or provided for, the Principal Sum (specified above) and to pay interest on such Principal Sum until the payment of such Principal Sum in full, at the Interest Rate (specified above) per annum, on _____, _____ and semiannually on each _____ and _____ thereafter (each such date is hereinafter referred to as an "interest payment date"), from the date hereof or from the interest payment date next preceding the date of authentication hereof to which interest shall have been paid, unless such date of authentication is an interest payment date if interest shall have been paid to that date, in which case from such interest payment date, or unless such date of authentication is within the period from the sixteenth (16th) day to the last day of the calendar month next preceding the following interest payment date, in which case from such following interest payment date. *[To be substituted if the interest payment date is the 15th day of the month: or unless such date of authentication is within the period from the first (1st) day to the fourteenth (14th) day of the calendar month in which the following interest payment date shall occur, in which event from such following interest payment date].* Such interest shall be computed on the basis of a three hundred and sixty (360) day year consisting of twelve (12) thirty (30) day months. Such interest is payable on each interest payment date by check mailed by the Registrar hereinafter mentioned to the Registered Owner hereof at his address as it appears on such books of registry kept by the Registrar, as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding each interest payment date. *[To be substituted if the interest payment date is the 15th day of the month: Such interest is payable on each interest payment date by check mailed by the Registrar hereinafter mentioned to the Registered Owner*

hereof at his address as it appears on the books of registry kept by the Registrar, as of the close of business on the last day (whether or not a business day) of the calendar month next preceding each interest payment date.] The principal of and premium, if any, on this Bond are payable on presentation and surrender hereof at the office of the Director of Financial Services of the City, as Registrar, in the City of Lynchburg, Virginia. The principal of and premium, if any, and interest on this Bond are payable in such coin or currency of the United States of America as at the respective dates of payment thereof is legal tender for public and private debts.

This Bond is one of an issue of Bonds aggregating _____ Dollars (\$_____) in principal amount issued for the purpose of providing funds to pay the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of various public improvement projects of and for the City, under and pursuant to and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, including Chapter 26 of Title 15.2 of the Code of Virginia, 1950 (the same being the Public Finance Act of 1991), and a resolution and other proceedings of the Council of the City duly adopted and taken under the Public Finance Act of 1991.

The Bonds of the issue of which this Bond is one (or portions of the principal amount thereof in installments of \$5,000) maturing on or after _____, ____ are subject to redemption at the option of the City prior to their stated maturities on or after _____, _____, in whole or in part on any date, in such order as may be determined by the City (except that if at any time less than all of the Bonds of a given maturity are called for redemption, the particular Bonds or portions thereof in installments of \$5,000 or any integral multiple thereof of such maturity to be redeemed shall be selected by lot), upon payment of the following redemption prices (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with the interest accrued thereon to the date fixed for the redemption thereof:

<u>Period During Which Redeemed</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u> <u>(Percentage of Principal Amount)</u>
_____, ____ to _____, ____	_____ %
_____, ____ to _____, ____	_____
_____, ____ and thereafter	_____

The Bonds of the issue of which this Bond is one maturing on _____, ____ are subject to mandatory sinking fund redemption on _____, ____ and to payment at maturity on _____, ____ in the principal amounts in each year set forth below, in the case of redemption with the particular Bond or Bonds or portions thereof to be redeemed to be selected by lot, upon payment of the principal amount of the Bonds to be redeemed, together with the interest accrued on the principal amount to be redeemed to the date fixed for the redemption thereof:

<u>Year</u> <u>(_____)</u>	<u>Principal Amount</u>
	\$

The City, at its option, may credit against such mandatory sinking fund redemption requirement the principal amount of any Bonds maturing on _____, _____ which have been purchased and cancelled by the City or which have been redeemed and not theretofore applied as a credit against such mandatory sinking fund redemption requirement.

If this Bond is redeemable and this Bond (or any portion of the principal amount hereof) shall be called for redemption, notice of the redemption hereof, specifying the date, number and maturity of this Bond, the date and place or places fixed for its redemption, the premium, if any, payable upon such redemption, and if less than the entire principal amount of this Bond is to be redeemed, that this Bond must be surrendered in exchange for the principal amount hereof to be redeemed and a new Bond or Bonds issued equalling in principal amount that portion of the principal amount hereof not to be redeemed, shall be mailed not less than thirty (30) days prior to the date fixed for redemption, by first class mail, postage prepaid, to the Registered Owner hereof at his address as it appears on the books of registry kept by the Registrar as of the close of business on the forty-fifth (45th) day next preceding the date fixed for redemption. If notice of the redemption of this Bond shall have been given as aforesaid, and payment of the principal amount of this Bond (or of the portion of the principal amount hereof to be redeemed) and of the accrued interest and premium, if any, payable upon such redemption shall have been duly made or provided for, interest hereon shall cease to accrue from and after the date so specified for the redemption hereof.

Subject to the limitations and upon payment of the charges, if any, provided in the proceedings authorizing the Bonds of the series of which this Bond is one, this Bond may be exchanged at the office of the Registrar for a like aggregate principal amount of Bonds of other authorized principal amounts and of the same series, interest rate and maturity. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, on the books of registry kept by the Registrar for such purpose at the office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the proceedings authorizing the Bonds of the series of which this Bond is one, and upon the surrender hereof for cancellation. Upon such transfer a new Bond or Bonds of authorized denominations and of the same aggregate principal amount, series, interest rate and maturity as the Bond surrendered will be issued to the transferee in exchange herefor.

The full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and premium, if any, and interest on this Bond as the same become due. In each year while this Bond is outstanding and unpaid, the Council of the City shall be authorized and required to levy and collect annually, at the same time and in the same manner as other taxes in the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and premium, if any, and interest on this Bond to the extent other funds of the City are not lawfully available and appropriated for such purpose.

This Bond shall not be valid or obligatory unless the certificate of authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is certified, recited and declared that all acts, conditions and things required to exist, happen or be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limitation of indebtedness prescribed by the Constitution or statutes of the Commonwealth of Virginia or the Charter of the City.

IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of its Mayor or Vice Mayor; a facsimile of the corporate seal of the City to be imprinted hereon, attested by the manual or facsimile signature of the Clerk of Council of the City; and this Bond to be dated _____, ____.

CITY OF LYNCHBURG, VIRGINIA

[SEAL]

Mayor or Vice Mayor

Attest:

Clerk of Council

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the within-mentioned proceedings.

By: _____
Interim Director of Financial Services,
as Registrar

Date of Authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____

(Please print or type name and address, including postal zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF TRANSFeree:

the within-mentioned Bond and hereby irrevocably constitutes and appoints _____, agent, to transfer the same on the books of registry in the office of registrar with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of The New York Stock Exchange, Inc. or a commercial bank or trust company.

(Signature of Registered Owner)
NOTICE: The signature above must correspond with the name as written on the face of the within Bond in every particular, without alteration, enlargement or any change whatsoever.

EXHIBIT B

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
CITY OF LYNCHBURG
GENERAL OBLIGATION PUBLIC IMPROVEMENT
BOND ANTICIPATION NOTE
SERIES _____

REGISTERED

REGISTERED

NO. R-_____

\$_____

INTEREST
RATE: _____

MATURITY
DATE: _____

DATE OF NOTE: _____

CUSIP NO.: _____

REGISTERED OWNER:

PRINCIPAL SUM:

The City of Lynchburg, a municipal corporation of the Commonwealth of Virginia (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner (named above), or registered assigns, on the Maturity Date (specified above), the Principal Sum (specified above) and to pay interest on such Principal Sum until the payment of such Principal Sum in full, at the Interest Rate (specified above) per annum, on _____, _____ and semiannually on each _____, and _____ thereafter (each such date is hereinafter referred to as an "interest payment date"), from the date hereof or from the interest payment date next preceding the date of authentication hereof to which interest shall have been paid, unless such date of authentication is an interest payment date if interest shall have been paid to that date, in which case from such interest payment date, or unless such date of authentication is within the period from the sixteenth (16th) day to the last day of the calendar month next preceding the following interest payment date, in which case from such following interest payment date. *[To be substituted if the interest payment date is the 15th day of the month: or unless such date of authentication is the period from the first (1st) day to the fourteenth (14th) day of the calendar month in which the following interest payment date shall occur, in which event from such following interest payment date].* Such interest shall be computed on the basis of a three hundred and sixty (360) day year consisting of twelve (12) thirty (30) day months. Such interest is payable on each interest payment date by check mailed by the Registrar hereinafter mentioned to the Registered Owner hereof at his address as it appears on such books of registry kept by the Registrar, as of the close of business on the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding each interest payment date. *[To be substituted if the interest payment date is the 15th day of the month: Such interest is payable on each interest payment date by check mailed by the Registrar hereinafter mentioned to the Registered Owner hereof at his address as it appears on the books of registry kept by the Registrar, as of the close of business on the last day (whether or not a business day) of the calendar month next preceding each interest payment date.]*

The principal of this Note is payable on presentation and surrender hereof at the office of Director of Financial Services, as Registrar, in the City of Lynchburg, Virginia. The principal of and interest on this Note are payable in such coin or currency of the United States of America as at the respective dates of payment thereof is legal tender for public and private debts.

This Note is one of an issue of Notes aggregating _____ Dollars (\$_____) in principal amount issued in anticipation of the issuance of a like principal amount of general obligation bonds of the City for the purpose of providing funds to pay the costs of the acquisition, construction, reconstruction, improvement, extension, enlargement and equipping of various public improvement projects of and for the City, under and pursuant to and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, including Chapter 26 of Title 15.2 of the Code of Virginia, 1950 (the same being the Public Finance Act of 1991), the Charter of the City, and a resolution and other proceedings of the Council of the City duly adopted and taken under the Public Finance Act of 1991.

Subject to the limitations and upon payment of the charges, if any, provided in the proceedings authorizing the Notes of the series of which this Note is one, this Note may be exchanged at the office of the Registrar for a like aggregate principal amount of Notes of other authorized principal amounts and of the same series, interest rate and maturity. This Note is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, on the books of registry kept by the Registrar for such purpose at the office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the proceedings authorizing the Notes of the series of which this Note is one, and upon the surrender hereof for cancellation. Upon such transfer a new Note or Notes of authorized denominations and of the same aggregate principal amount, series, interest rate and maturity as the Note surrendered, will be issued to the transferee in exchange herefor.

The full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and interest on this Note as the same become due. In each year while this Note is outstanding and unpaid, the Council of the City shall be authorized and required to levy and collect annually, at the same time and in the same manner as other taxes in the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on this Note to the extent such principal and interest shall not be paid from the proceeds of the Bonds of the City in anticipation of which this Note is issued or from other funds of the City lawfully available and appropriated for such purpose.

This Note shall not be valid or obligatory unless the certificate of authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is certified, recited and declared that all acts, conditions and things required to exist, happen or be performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other indebtedness of the City, does not exceed any limitation of indebtedness prescribed by the Constitution or statutes of the Commonwealth of Virginia or the Charter of the City.

IN WITNESS WHEREOF, the City has caused this Note to be executed by the manual or facsimile signature of its Mayor; the corporate seal of the City or a facsimile thereof to be impressed or imprinted hereon, attested by the manual or facsimile signature of the Clerk of Council of the City; and this Note to be dated the _____ day of _____, ____.

CITY OF LYNCHBURG, VIRGINIA

[SEAL]

Mayor

Attest:

Clerk of Council

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes delivered pursuant to the within-mentioned proceedings.

By: _____
Interim Director of Financial Services,
as Registrar

Date of Authentication: _____, _____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sell(s), assign(s) and transfer(s) unto _____

(Please print or type name and address, including postal zip code, of Transferee)

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF TRANSFeree:

the within-mentioned Note and hereby irrevocably constitutes and appoints _____, agent, to transfer the same on the books of registry in the office of registrar with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of The New York Stock Exchange, Inc. or a commercial bank or trust company.

(Signature of Registered Owner)
NOTICE: The signature above must correspond with the name as written on the face of the within Note in every particular, without alteration, enlargement or any change whatsoever.

City Capital and School Projects Funded with FY 2006 Bond Proceeds	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	
	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	Totals
Buildings								
Cabell Street Dependency	\$0	\$25,834	\$0	\$0	\$0	\$0	\$0	\$25,834
Carter Glass Bldg Reconfig	19,129	546,250	1,133,134	0	0	0	0	1,698,513
Conner Produce	32,238	7,645	0	0	0	0	0	39,883
Library Roof Replacement	16,797	0	0	0	0	0	0	16,797
Market Parking Deck	30,488	50,000	233,304	1,250,000	0	0	0	1,563,792
Monument Terrace Steps	690,702	64,402	0	0	0	0	0	755,104
Museum Administrative Offices, Artifact								
Storage & Exhibit Space	0	20,000	0	1,875,000	0	0	0	1,895,000
New J & DR Court	0	203,392	0	7,111,000	747,500	4,231,500	0	12,293,392
Old Courthouse Museum Renovations	8,500	15,209	0	0	0	0	0	23,709
Roof Replacement	0	690,497	543,542	626,475	523,971	530,550	665,073	3,580,108
Total Buildings	\$797,854	\$1,623,229	\$1,909,980	\$10,862,475	\$1,271,471	\$4,762,050	\$665,073	\$21,892,132
Transportation								
Academy of Music Utility Relocation	\$0	\$27,542	\$0	\$0	\$0	\$0	\$0	\$27,542
Access Road to Memorial Ave Maint Lot	0	0	0	0	194,000	0	0	194,000
Atherholt Rd Extension	0	0	0	0	0	0	1,565,000	1,565,000
Bedford Ave Bridge	0	162,500	542,430	100,000	0	0	0	804,930
Breezewood Drive	0	97,500	156,312	0	0	0	0	253,812
Carter Glass Bridge	0	105,108	0	0	0	0	0	105,108
Comprehensive Bridge Condition Report	0	3,359	0	0	0	0	0	3,359
Cranehill Drive Bridge	0	7,931	0	0	0	0	0	7,931
Culvert Replacement Program	0	170,016	160,811	130,000	357,500	399,945	357,500	1,575,772
Dearing Neigh St Improv	0	0	0	0	0	0	310,000	310,000
Expressway Overlay	0	0	0	1,345,000	1,425,000	0	0	2,770,000
Florida Ave Over Fishing Creek Culvert	0	19,500	0	0	0	0	0	19,500
Grace St/Expressway Wall Rep	0	0	0	70,200	612,105	367,395	0	1,049,700
Kemper St Bridge	0	0	0	255,060	1,735,000	1,000,000	0	2,990,060
Midtown Connector Phase I	0	79,950	75,915	110,500	240,500	240,500	78,000	825,365
Midtown Connector Phase II	0	13,000	26,000	110,500	13,000	13,000	78,000	253,500
Major Bridge Repairs	339,354	162,500	0	0	0	0	0	501,854
Minor Bridge Repairs	0	35,267	189,000	0	0	0	0	224,267
Miscellaneous General Street Imp	1,812,743	562,798	391,147	487,500	487,500	487,500	487,500	4,716,688
Old Graves Mill Rd	0	130,000	126,000	225,077	0	0	0	481,077
Old Graves Mill Rd Reloc	0	1,049,379	126,000	0	0	0	0	1,175,379
Palmer Woods #2	0	0	8,460	0	0	0	0	8,460
Reusens Rd Retaining Wall	0	55,000	409,500	0	0	0	0	464,500
Rivermont Ave Bridge Rep	0	68,250	212,625	2,142,500	0	0	0	2,423,375
Timberlake Road @ Logans Lane	0	0	131,040	299,000	273,000	0	0	703,040
Traffic Signal @xway/Graves Mill Rd	0	62,369	0	0	0	0	0	62,369
Traffic Signal Repl	0	100,750	113,786	110,500	113,750	120,250	185,000	744,036
Waterton Section II Subdivision	0	0	67,300	0	0	0	0	67,300
Wiggington Rd Improv	0	0	0	0	0	326,300	600,000	926,300
Total Transportation	\$2,152,097	\$2,912,719	\$2,736,326	\$5,385,837	\$5,451,355	\$2,954,890	\$3,661,000	\$25,254,224

City Capital and School Projects Funded with FY 2006 Bond Proceeds	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	
	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	Totals
Economic Development								
Depot Plaza	\$0	\$216,804	\$1,100,000	\$0	\$0	\$0	\$0	\$1,316,804
Downtown Riverfront Dev	193,530	0	250,000	1,750,000	1,000,000	1,000,000	1,000,000	5,193,530
Riverfront AEP Grid Extension	0	19,342	0	0	0	0	0	19,342
Total Economic Develop	\$193,530	\$236,146	\$1,350,000	\$1,750,000	\$1,000,000	\$1,000,000	\$1,000,000	\$6,529,676
Parks & Recreation								
Bikeway Bridge Renovation	\$0	\$0	\$183,195	\$0	\$0	\$0	\$0	\$183,195
City Football Stadium Renov	0	0	0	0	127,655	2,305,500	140,741	2,573,896
City Stadium Park	49,112	2,105	0	0	0	0	0	51,217
Community Market Interior Renovations	6,765	63,424	197,525	0	0	0	0	267,714
EC Glass Tennis Renovations	13,413	139,587	0	0	0	0	0	153,000
Hiking Bridge Renovations	81,759	58,007	0	0	0	0	0	139,766
Ivy Creek Nature Center	0	41,040	0	0	0	0	0	41,040
Kemper Station Bike/Hiking Trail	0	98,000	0	0	0	0	0	98,000
Miller Center Renovations	0	0	0	0	0	0	200,000	200,000
Miller Park Aviary Access	0	0	0	0	139,320	0	0	139,320
Miller Park Improvements	280,460	21,382	188,002	331,213	0	0	0	821,057
New Trail Development	4,651	0	0	0	0	0	0	4,651
Neighborhood Parks Reinvestment	0	0	0	0	0	0	275,000	275,000
Peaks View Park Ardmore/Tenb	0	0	0	188,760	0	0	0	188,760
Peaks View Park Maint Shop	0	0	0	0	349,480	0	0	349,480
Perrymont Park Upgrade	0	0	0	0	0	175,000	0	175,000
Point of Honor Bridge	0	33,475	132,967	0	0	0	0	166,442
Riverside Park Overlook Renov	0	0	0	0	197,660	0	0	197,660
Riverside Train/Packet Boat	0	73,250	0	0	0	0	0	73,250
Sandusky Park Upgrade	0	0	0	0	0	175,000	0	175,000
Total Parks & Recreation	\$436,160	\$530,270	\$701,689	\$519,973	\$814,115	\$2,655,500	\$615,741	\$6,273,448
Total City Capital Projects	\$3,579,641	\$5,302,364	\$6,697,995	\$18,518,285	\$8,536,941	\$11,372,440	\$5,941,814	\$59,949,480
Total City Capital Projects Bond Issue (FY 2005, FY 2006, FY 2007)	\$15,580,000							

City Capital and School Projects Funded with FY 2006 Bond Proceeds	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	
	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	Totals
Schools								
E.C. Glass High School		\$3,742,506	\$0	\$0	\$0	\$0	\$0	\$3,742,506
Heritage High School		0	0	200,000	2,178,000	5,405,140	7,009,000	14,792,140
Lighting		0	0	0	224,000	0	0	224,000
Linkhorne Elementary School		0	0	0	0	0	2,000,000	2,000,000
Mechanical and Electrical Upgrades		0	400,000	536,500	2,340,000	490,000	0	3,766,500
Paul Munro Elementary School		0	0	0	0	1,500,000	1,500,000	3,000,000
Roof Replacement - Various Schools		918,720	0	865,000	51,600	592,560	0	2,427,880
Sandusky Elementary School		0	0	0	0	1,500,000	1,500,000	3,000,000
Sandusky Middle School		0	940,525	2,971,600	3,043,016	1,142,440	0	8,097,581
Secondary Schools Athletic Improvements		0	0	58,000	0	0	144,000	202,000
		\$4,661,226	\$1,340,525	\$4,631,100	\$7,836,616	\$10,630,140	\$12,153,000	\$37,510,101
Total City Capital and Schools	\$3,579,641	\$9,963,590	\$8,038,520	\$23,149,385	\$16,373,557	\$22,002,580	\$18,094,814	\$97,459,581
 Total City Capital Projects and Schools Bond Issue (FY 2005, FY 2006, FY 2007)	 \$21,581,751							
Fleet Bond Issue	\$1,983,000							
Total Bond Issue	\$23,564,751							